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### UM economist: information technology could improve Montana's economy

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Jan. 22, 2001

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### **UM ECONOMIST: INFORMATION TECHNOLOGY COULD IMPROVE MONTANA'S ECONOMY**

#### **MISSOULA —**

With a potential recession looming and an electricity crisis hovering over Montana's major industries, information technology may provide the critical boost needed to improve the state's dismal economic situation, according to a University of Montana economist.

Montana's low per capita income ranking -- 47<sup>th</sup> in the nation -- is not unique among Western states, according to Steve Seninger, director of economic analysis at UM's Bureau of Business and Economic Research. The state's big drop in per capital rankings over the last 20 years is mirrored in Wyoming and Alaska, states with economies that have been heavily dependent on natural resource industries. However, Western states with increased involvement in information technology -- such as Colorado and Utah -- have experienced gains in national rankings of per capita income, Seninger said.

Can Montana join the states that have advanced as major players in the information technology sweepstakes? Seninger and other economists will explore this issue during the 26th Annual Montana Economic Outlook Seminars, being held in nine cities across Montana,

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starting in Helena Jan. 23. This year's theme is "Jump-starting Montana's Economy: Taking Advantage of the Information Economy." The seminar series is co-sponsored by BBER and First Interstate Bank.

Critics have pegged Montana as one of the "disconnected dozen" states that has been slow to join the information technology wave, and Seninger notes some indicators that support this designation. For instance, Montana ranks 44th among states in terms of percent of workers employed in technology intensive industries.

Research and development expenditures are another measure of the presence of information technology in a state's economy, Seninger said. Montana ranks 39th among all states for private-sector, industry-performed, research-and-development expenditures. However, Seninger points to one bright spot: Montana ranks eighth among all states when comparing research and development performed by universities in relation to each state's gross state product.

Information technology has had overall, economy-wide impacts on national labor productivity. Labor productivity grew about 1 percent per year from 1996 to 2000, said Seninger, and information technology was responsible for about half of that growth.

Higher labor productivity especially is important since it is the basis for higher profits and enables businesses to pay higher wages -- a relationship that is key to Montana's economy, which is ranked nationally at the very low end of the scale. While the state's recent job growth performance has been strong, wage growth has not, Seninger said.

The 2001 Montana Economic Outlook Seminars will explore these issues, include state and local economic forecasts and examine the outlooks for specific Montana industries such as



agriculture, forest products, manufacturing, non-resident travel and services.

A special luncheon presentation will provide a closer look at the Montana tax situation – always an essential ingredient in any discussion of the economy. Montana State University Professor Douglas J. Young will put into perspective the state's controversial array of income, property and other types of taxes.

The seminar series begins in Helena Tuesday, Jan. 23, at the Colonial Inn. Following is the schedule for the other cities:

■ Great Falls	Jan. 24	Holiday Inn
■ Missoula	Jan. 26	Holiday Inn-Parkside
■ Billings	Jan. 30	Radisson Northern Hotel
■ Bozeman	Jan. 31	Holiday Inn
■ Butte	Feb. 1	Ramada Inn Copper King
■ Kalispell	Feb. 6	West Coast Hotel
■ Sidney	March 6	Sidney Elk's Lodge
■ Miles City	March 7	Town and Country Club

All seminars will begin at 8 a.m. and end at 1:30 p.m. A \$70 fee includes registration, a proceedings book, lunch and a complimentary one-year subscription to the Montana Business Quarterly. Continuing education credits are available for an additional \$20. To register, call (406) 243-5113 or visit the Web site at [www.bber.umt.edu](http://www.bber.umt.edu).

For more information on the Montana Economic Outlook Seminars, contact Shannon Jahrig or Barbara Wainwright at (406) 243-5113.

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